

Notice of Audit and Governance Committee



Date: Thursday, 28 July 2022 at 6.00 pm

Venue: Committee Room, First Floor, BCP Civic Centre Annex, St Stephen's Rd, Bournemouth BH2 6LL

Membership:

Chairman:

Cllr J Beesley

Vice Chairman:

Cllr M F Brooke
Cllr D Butt
Cllr M Cox

Cllr L Fear
Cllr A Filer
Cllr M Howell

Cllr T Johnson
Cllr M Phipps

All Members of the Audit and Governance Committee are summoned to attend this meeting to consider the items of business set out on the agenda below.

The press and public are welcome to view the live stream of this meeting at the following link:

<https://democracy.bcpCouncil.gov.uk/ieListDocuments.aspx?MIId=5004>

If you would like any further information on the items to be considered at the meeting please contact: on 01202 096660 or email democratic.services@bcpCouncil.gov.uk

Press enquiries should be directed to the Press Office: Tel: 01202 118686 or email press.office@bcpCouncil.gov.uk

This notice and all the papers mentioned within it are available at democracy.bcpCouncil.gov.uk

GRAHAM FARRANT
CHIEF EXECUTIVE

20 July 2022

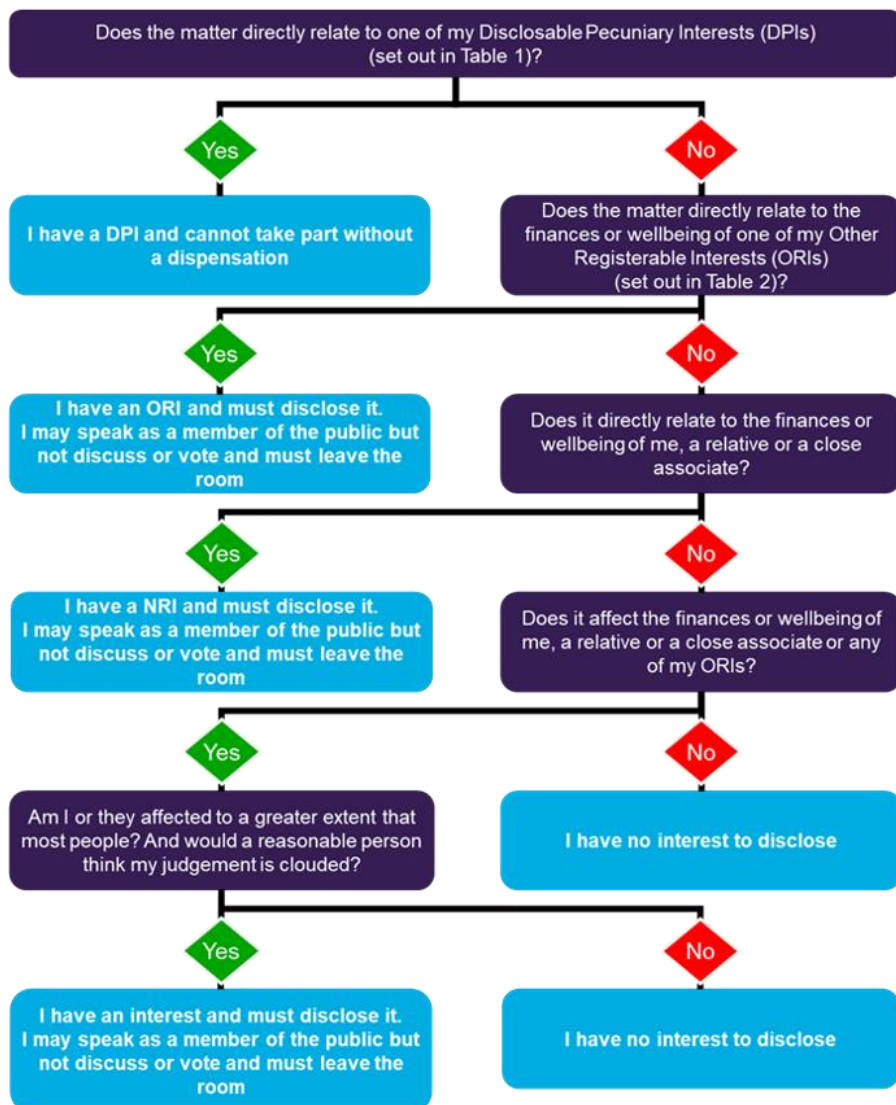


Maintaining and promoting high standards of conduct

Declaring interests at meetings

Familiarise yourself with the Councillor Code of Conduct which can be found in Part 6 of the Council's Constitution.

Before the meeting, read the agenda and reports to see if the matters to be discussed at the meeting concern your interests



What are the principles of bias and pre-determination and how do they affect my participation in the meeting?

Bias and predetermination are common law concepts. If they affect you, your participation in the meeting may call into question the decision arrived at on the item.

Bias Test

In all the circumstances, would it lead a fair minded and informed observer to conclude that there was a real possibility or a real danger that the decision maker was biased?

Predetermination Test

At the time of making the decision, did the decision maker have a closed mind?

If a councillor appears to be biased or to have predetermined their decision, they must NOT participate in the meeting.

For more information or advice please contact the Monitoring Officer
(susan.zeiss@bcpcouncil.gov.uk)

Selflessness

Councillors should act solely in terms of the public interest

Integrity

Councillors must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships

Objectivity

Councillors must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias

Accountability

Councillors are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this

Openness

Councillors should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing

Honesty & Integrity

Councillors should act with honesty and integrity and should not place themselves in situations where their honesty and integrity may be questioned

Leadership

Councillors should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs

AGENDA

Items to be considered while the meeting is open to the public

1. **Apologies**

To receive any apologies for absence from Councillors.

2. **Substitute Members**

To receive information on any changes in the membership of the Committee.

Note – When a member of a Committee is unable to attend a meeting of a Committee or Sub-Committee, the relevant Political Group Leader (or their nominated representative) may, by notice to the Monitoring Officer (or their nominated representative) prior to the meeting, appoint a substitute member from within the same Political Group. The contact details on the front of this agenda should be used for notifications.

3. **Election of Chairman**

To elect a Chairman for the 2022/23 Municipal Year.

4. **Election of Vice Chairman**

To elect a Vice Chairman for the 2022/23 Municipal Year.

5. **Declarations of Interests**

Councillors are requested to declare any interests on items included in this agenda. Please refer to the workflow on the preceding page for guidance.

Declarations received will be reported at the meeting.

6. **Confirmation of Minutes**

To confirm as a correct record the minutes of the Meeting held on 14 April 2022.

7. **Public Issues**

To receive any public questions, statements or petitions submitted in accordance with the Constitution. Further information on the requirements for submitting these is available to view at the following link:-

<https://democracy.bcpccouncil.gov.uk/ieListMeetings.aspx?CommitteeID=151&info=1&bcr=1>

The deadline for the submission of public questions is 4 clear working days before the meeting.

The deadline for the submission of a statement is midday the working day before the meeting.

The deadline for the submission of a petition is 10 working days before the meeting.

8. Treasury Management Monitoring Report	17 - 32
<p>This report sets out the monitoring of the Council's Treasury Management function for the period 1 April 2021 to 31 March 2022.</p> <p>A surplus of £745k has been achieved through a reduced need to carry out temporary borrowing due to high cash balances generated from funding associated with the government's response to the pandemic as well as increasing interest rates earned on the Council's investments.</p> <p>The report also sets out the Quarter One performance for 2022/23 which forecasts an underspend of £840k due to the increase in interest rates.</p> <p>Further to the standard update the reports seeks approval to increase our borrowing headroom in line with the proposal set out in the financial strategy supporting the proposed 2022/23 budget as endorsed by Cabinet.</p>	
9. Risk Management – Corporate Risk Register Update	33 - 66
<p>This report updates councillors on the position of the Council's Corporate Risk Register. The main updates are as follows:</p> <ul style="list-style-type: none"> • The format of the reporting of the Register has been updated for this quarter; • No new risks were added during the quarter; • No risks were removed during the quarter; • Material updates to the risks are summarised at sections 14-19. 	
10. Internal Audit - Quarterly Audit Plan Update	67 - 72
<p>This report details progress made on delivery of the 2022/23 Audit Plan for the period April to June (inclusive) 2022. The report highlights that:</p> <ul style="list-style-type: none"> • Five audit assignments have been completed, of which there were four 'Reasonable' and one 'Partial' audit opinions; • Seventeen audit assignments are in progress; • Implementation of audit recommendations is satisfactory and none have required escalation to Audit & Governance Committee; <p>A significant amount of work undertaken during the quarter related to completion of the 2021/22 Audit Plan. The 'Chief Auditor's Annual Report 2021/22' contains the outcome of this work which is being reported separately to this Committee.</p>	
11. External Audit – Progress Update	73 - 94
<p>Grant Thornton, as the Council's appointed External Auditors, have produced a report (Appendix A) which provides an update to Audit & Governance Committee on their progress to date in delivering their responsibilities.</p> <p>The report states that, as previously reported, a number of matters had arisen that delayed completion of their 2020/21 opinion audit. Work has now been substantially completed however there are two key areas that have impacted on the revised completion timetable of the end of February 2022 covering pension liabilities assurance from the Pension Fund auditor and national infrastructure accounting issues.</p>	

Grant Thornton intends to keep Audit & Governance Committee apprised of progress towards completion of the audit.

12. Annual Review of Declarations of Interests, Gifts & Hospitality by Officers 2021/22

95 - 98

An annual review and update of the Council's Declaration of Interests, Gifts & Hospitality Policy took place in March 2022.

The recommendations arising from the Internal Audit review on compliance with the Declaration of Interests, Gifts & Hospitality Policy last year have all been implemented.

There have been no internal or external identified instances, whistleblowing or reports by any other means where an undeclared interest by officers has led to any disciplinary action or led to reputational damage.

13. Use of Regulation of Investigatory Powers Act and Investigatory Powers Act Annual Report 2021/22

99 - 102

Following an annual review process, the previous Regulation of Investigatory Power Act (RIPA) Policy was strengthened and includes provision for acquiring communications data and is now titled the BCP Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) Policy.

All observations arising from the inspection by the Investigatory Powers Commissioner's Office (IPCO) on the use of investigatory powers have been addressed.

The Council has not made use of powers under RIPA or IPA during the 2021/22 financial year.

The Council has completed and sent its statutory nil-return for the 2021 calendar year to the IPCO.

14. Chief Internal Auditor's Annual Opinion Report 2021/22

103 - 118

It is the opinion of the Chief Internal Auditor that during the 2021/22 financial year:

- arrangements were in place to ensure an adequate and effective framework of governance, risk management and control (internal control environment) and that where weaknesses were identified there was an appropriate action plan in place to address them;
- the systems and internal control arrangements were effective and that agreed policies and regulations were complied with;
- adequate arrangements were in place to deter and detect fraud;
- there was an appropriate and effective risk management framework;
- managers were aware of the importance of maintaining internal controls and accepted recommendations made by Internal Audit to improve controls;
- the Council's Internal Audit service was effective and compliant with all regulations and standards as required of a professional internal audit

service; and that the arrangements, in respect of the Chief Internal Auditor, were consistent with all of the five principles set out in the CIPFA publication “The Role of the Head of Internal Audit in Public Sector Organisations”.

15. Annual Breaches & approved Waivers of Financial Regulations Report 2021/22

119 - 130

This report sets out the breaches and waivers of Financial Regulations (the Regulations) which have occurred during the 2021/22 financial year and highlights the following:

	2021/22		2020/21		2019/20	
	Breaches	Waivers	Breaches	Waivers	Breaches	Waivers
Total (count)	4	77	5	116	8	66
Total (£ value)	£1,347,429	£6.3M	£870,561	£12.6M	£171,625	£13.8M

The low number of breaches indicate that there was generally a good level of understanding of the Regulations.

The Chief Finance Officer, or formally delegated representatives, agreed 77 waivers totalling £6.3M.

It was reported this time last year, for 2020/21, that the higher number of waivers, compared to 2019/20, was materially due to the impact of covid19. During the pandemic, particularly the early stages in the spring and summer of 2020, the number of ‘Limited supplier’ waivers (did not invite or could not obtain 3 quotes or tenders) increased because a significant number of suppliers were asked but could not supply a quote, or supply the goods, services or works to the Council. Some suppliers closed completely as a result of the Government’s ‘furlough’ scheme whilst others were running at reduced capacity.

The lower number (77) of approved waivers in 2021/22 shows a reassuring drop from the exceptional covid19 impacted 2020/21 year (116). The comparison by £ value is more reassuring again as significantly less Council expenditure is now subject to an approved waiver, this means that a greater proportion of the Council’s total expenditure is subject to the full requirements set out in the Council’s Financial Regulations.

Whilst full compliance can never be guaranteed and ‘under-reporting’ of breaches, in particular, is an inherent possibility, arrangements were in place to detect instances of non-compliance.

An effective and transparent breaches and waiver governance process maximises the chances of the Council achieving value for money and complying with UK Procurement Legislation (Public Contract Regulations 2015 (PCR15)) principles when procuring goods, services or works under PCR15 thresholds.

16.	Annual Governance Statement 2021/22 and Annual Review of Local Code of Governance	131 - 164
	<p>The Accounts and Audit Regulations 2015* require councils to produce an Annual Governance Statement (AGS) to accompany its Statement of Accounts.</p> <p>This report seeks approval of the draft AGS prior to the statutory inspection period. The final AGS will be approved by this committee as part of the Statement of Accounts sign off process and report; any changes necessary to the AGS in the intervening period will be highlighted in this report.</p> <p>The AGS concludes that BCP Council “has effective and fit-for-purpose governance arrangements in place in accordance with the governance framework”.</p> <p>After considering all the sources of assurance (for governance arrangements), BCP Corporate Management Board identified that the following significant governance issues existed:</p> <ul style="list-style-type: none"> • Governance of Children’s Social Services • Governance Arrangements with External Bodies • Delay in the completion of the 2020/21 External Audit <p>An action plan to address these significant governance issues has been produced and is being implemented. An update against the action plan will be brought to Audit and Governance Committee in January 2023.</p> <p>*and as amended by the Accounts and Audit (Amendment) Regulations 2021</p>	
17.	Forward Plan refresh	165 - 168
	<p>This report sets out the reports to be considered by the Audit & Governance Committee for the 2022/23 municipal year in order to enable it to fulfil its terms of reference.</p>	

No other items of business can be considered unless the Chairman decides the matter is urgent for reasons that must be specified and recorded in the Minutes.